

# KERN COUNTY ECONOMIC FORECAST

Kern County is located at the southern end of California's Central Valley, just north of Los Angeles County. Agriculture is a vital component of the Kern County economy, and total crop values consistently rank within the top five counties in the nation. California's drought has had only a modest impact on the Kern County agricultural sector, with more acres of farmland now under cultivation than before the drought, and more farm workers employed.

Kern County is also a large producer of oil and natural gas. But declines in the global price of oil have had a meaningful impact on the Kern County economy. Since 2014, the natural resources sector has lost more than 4,000 jobs, and additional layoffs have occurred at the companies that wholesale petroleum products, build oil wells and pipelines, and turn oil into finished energy commodities. Without a rebound in the oil industry, Kern County will have a diminished outlook for overall job creation, net migration, housing development, and economic growth.

Over the next few years, new housing production will be low in Kern County. But during the next several decades, more than 15,000 homes could be built near the base of the Grapevine. Collectively, these new homes could create one of the largest new communities in California.

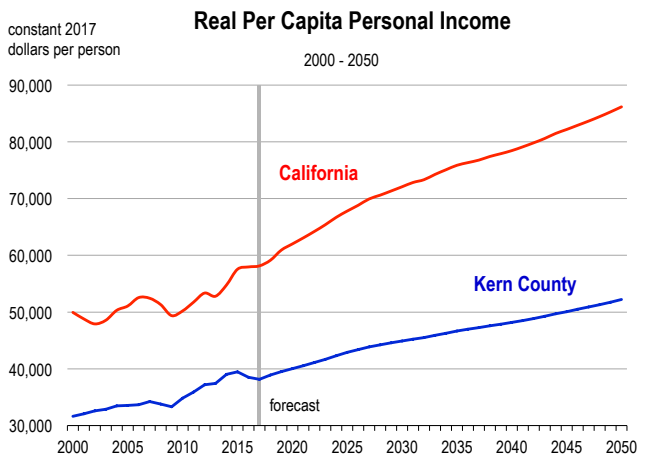
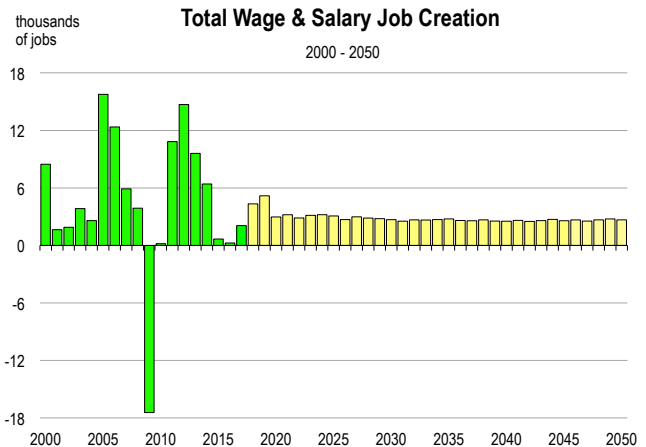
Home prices are growing slowly in Kern County, due primarily to weak job creation and low levels of in-migration. But Kern County has avoided the housing affordability issues that have plagued coastal California. Households in coastal California usually have to spend more than 35 percent of their income on mortgage and rental payments, but in Kern County this figure is typically less than 20 percent.

During 2017, employment across Southern California increased by 1.7 percent. Kern County gained 2,100 total wage and salary jobs, representing a growth rate of 0.7 percent. Gains were strongest in healthcare, food services, and construction. The unemployment rate improved substantially, falling from 10.5 percent in 2016 to 9.3 percent in 2017.

Between 2012 and 2017, the population of Kern County grew at an annual average rate of 0.9 percent. All of this growth was due to the natural increase (new births), as net migration was negative.

## FORECAST HIGHLIGHTS

- Total wage and salary employment is expected to increase by 1.4 percent in 2018, and by an average rate of 1.1 percent through 2023.
- Between 2018 and 2023, job growth will be led by education and healthcare, leisure and hospitality, and government. Together, these sectors will account for 50 percent of net job creation in the county.

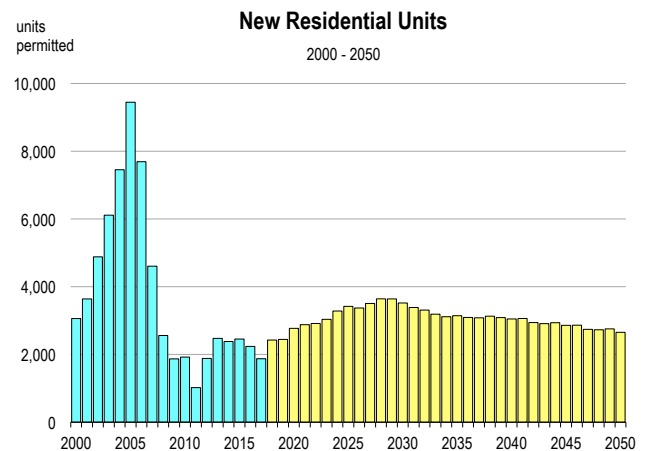
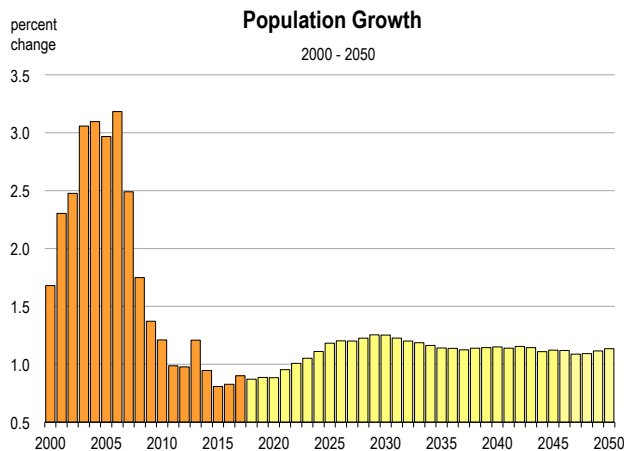


- Average salaries are currently well below the California state average, and will remain so over the forecast horizon. In Kern County, real average salaries will increase by 1.4 percent per year from 2018 to 2023, lagging statewide growth by a considerable amount.
- Real per capita income is expected to increase at a rate of 1.9 percent in 2018. Growth is expected to average 1.4 percent per year between 2018 and 2023.
- Between 2018 and 2023, an average of 2,800 housing permits will be issued each year. More than 15,000 new homes could be built at the base of the Grapevine over the next several decades, and the first phase of construction could begin soon.
- The local population will grow by 1.0 percent per year from 2018 to 2023, which is similar to expectations for the broader state. An average of only 210 net migrants will enter the county each year, meaning that most population growth will come from the natural increase (new births).

# Kern County Economic Forecast

## 2010-2017 History, 2018-2050 Forecast

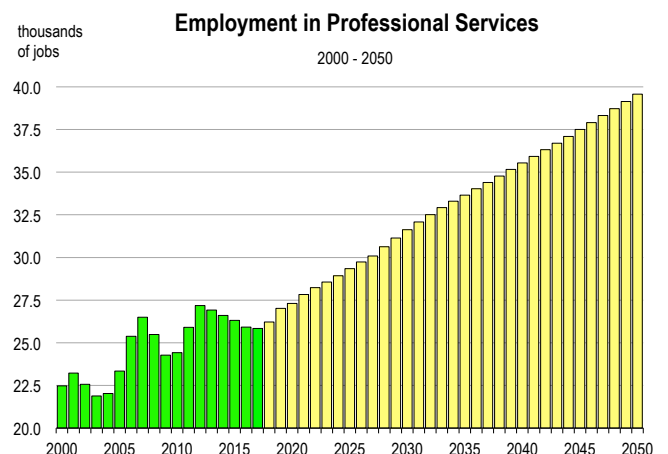
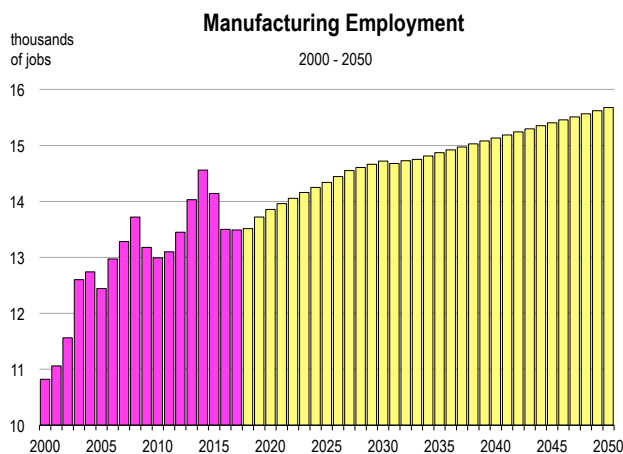
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2010	841,189	529	681	254.6	1,920	\$11.1	\$25.8	\$34,847	1.2	5.4	12.4	15.7
2011	849,497	-701	682	256.0	1,022	\$13.7	\$27.6	\$35,921	2.7	6.2	14.4	14.8
2012	857,808	-665	688	257.6	1,884	\$14.7	\$29.5	\$37,207	2.0	6.9	15.7	13.2
2013	868,181	1,599	708	259.5	2,472	\$15.2	\$30.3	\$37,426	1.1	7.3	14.7	11.8
2014	876,403	-239	724	261.5	2,382	\$15.7	\$32.3	\$39,007	1.3	8.0	13.7	10.4
2015	883,494	-1,093	738	263.5	2,454	\$14.3	\$33.3	\$39,458	0.9	7.1	9.8	10.2
2016	890,800	-691	752	265.0	2,235	\$13.9	\$33.4	\$38,505	1.9	7.4	8.3	10.5
2017	898,825	185	767	267.4	1,873	\$13.7	\$34.3	\$38,159	2.8	7.4	8.8	9.3
2018	906,658	-90	776	268.5	2,425	\$14.7	\$36.3	\$38,890	2.7	7.3	9.5	9.0
2019	914,697	-135	784	270.7	2,445	\$15.3	\$38.0	\$39,517	2.2	7.5	9.4	8.7
2020	922,787	-317	791	273.0	2,771	\$15.9	\$40.2	\$40,029	3.2	7.6	9.8	8.8
2021	931,587	164	798	275.6	2,879	\$16.5	\$42.2	\$40,544	2.6	7.8	10.0	9.0
2022	940,980	529	806	278.2	2,915	\$17.1	\$44.4	\$41,101	2.6	7.9	10.2	9.1
2023	950,882	826	814	280.9	3,037	\$17.8	\$46.6	\$41,664	2.5	8.1	10.6	9.3
2024	961,445	1,296	823	283.8	3,282	\$18.5	\$49.0	\$42,289	2.3	8.3	10.9	9.5
2025	972,812	1,923	833	286.8	3,420	\$19.2	\$51.5	\$42,914	2.2	8.4	11.1	9.5
2026	984,511	2,070	841	290.0	3,372	\$19.8	\$53.9	\$43,404	2.1	8.6	11.4	9.6
2027	996,336	2,006	849	293.1	3,506	\$20.5	\$56.3	\$43,879	2.0	8.7	11.6	9.6
2028	1,008,548	2,193	856	296.4	3,642	\$21.2	\$58.9	\$44,236	2.3	8.8	11.9	9.6
2029	1,021,199	2,413	863	299.7	3,640	\$21.9	\$61.5	\$44,575	2.1	8.9	12.2	9.5
2030	1,033,989	2,337	870	303.1	3,520	\$22.6	\$64.1	\$44,903	2.0	9.0	12.5	9.5
2031	1,046,670	2,009	877	306.4	3,387	\$23.3	\$66.7	\$45,231	1.9	9.1	12.8	9.5
2032	1,059,239	1,672	883	309.5	3,310	\$24.1	\$69.4	\$45,516	2.1	9.2	13.1	9.4
2033	1,071,805	1,453	889	312.6	3,189	\$24.8	\$72.1	\$45,884	1.7	9.3	13.4	9.4
2034	1,084,271	1,145	896	315.6	3,114	\$25.6	\$75.1	\$46,264	1.9	9.4	13.7	9.3
2035	1,096,642	860	903	318.5	3,144	\$26.4	\$78.3	\$46,652	2.0	9.5	14.1	9.3
2036	1,109,118	838	909	321.4	3,093	\$27.2	\$81.7	\$46,962	2.4	9.6	14.4	9.2
2037	1,121,597	699	915	324.2	3,082	\$28.1	\$85.4	\$47,245	2.5	9.6	14.8	9.0
2038	1,134,374	882	922	327.1	3,130	\$29.1	\$89.1	\$47,572	2.3	9.7	15.2	8.8
2039	1,147,353	962	928	330.0	3,088	\$30.0	\$93.1	\$47,866	2.5	9.8	15.5	8.7
2040	1,160,549	1,047	935	332.9	3,048	\$31.0	\$97.2	\$48,164	2.4	9.9	15.9	8.5
2041	1,173,771	927	942	335.7	3,062	\$31.9	\$101.3	\$48,502	2.2	10.0	16.3	8.4
2042	1,187,322	1,098	949	338.6	2,942	\$32.9	\$105.6	\$48,857	2.1	10.1	16.7	8.2
2043	1,200,905	984	957	341.3	2,910	\$33.8	\$109.9	\$49,241	2.0	10.2	17.1	8.1
2044	1,214,226	549	965	344.0	2,937	\$34.7	\$114.3	\$49,681	1.8	10.3	17.6	8.0
2045	1,227,853	693	973	346.7	2,860	\$35.7	\$119.1	\$50,079	2.0	10.4	18.0	7.9
2046	1,241,594	638	980	349.4	2,864	\$36.7	\$123.9	\$50,487	1.9	10.5	18.5	7.8
2047	1,255,101	226	988	352.0	2,741	\$37.7	\$128.9	\$50,889	1.9	10.7	18.9	7.7
2048	1,268,811	259	996	354.6	2,729	\$38.8	\$134.0	\$51,310	1.9	10.8	19.4	7.6
2049	1,282,963	540	1,004	357.1	2,755	\$39.9	\$139.5	\$51,754	1.9	10.9	19.9	7.5
2050	1,297,521	793	1,013	359.7	2,654	\$41.0	\$145.3	\$52,211	1.9	11.0	20.4	7.5

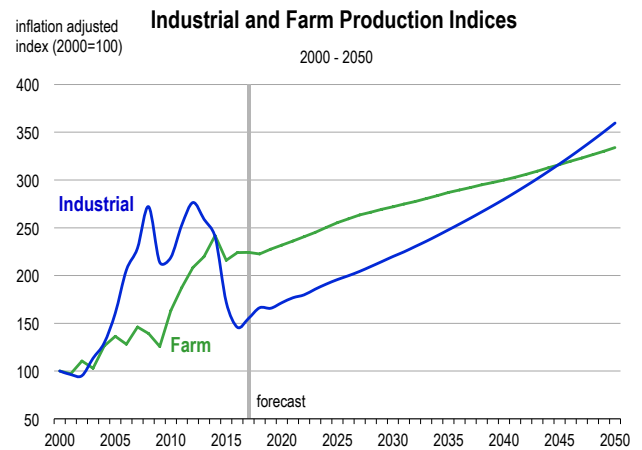
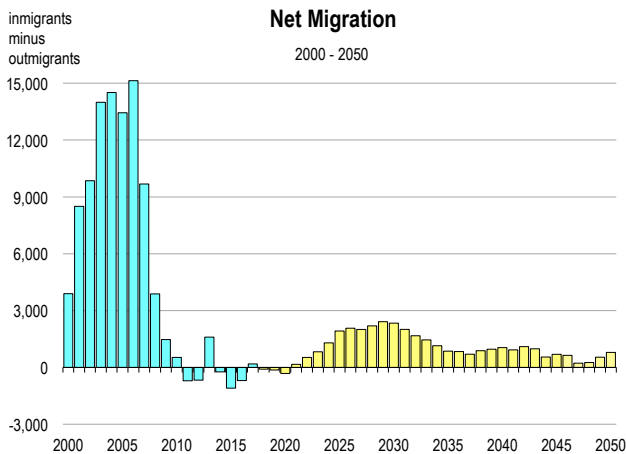
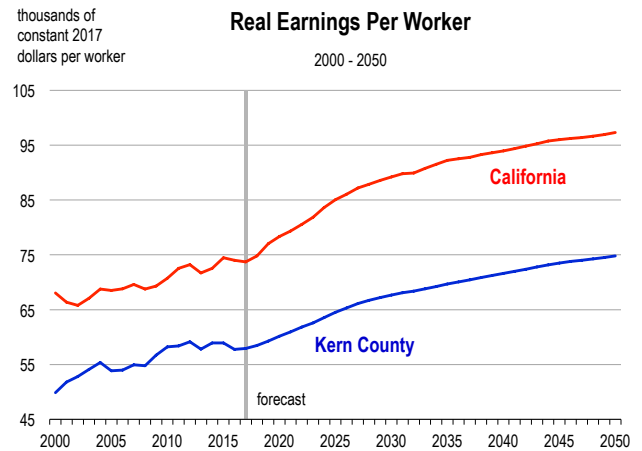
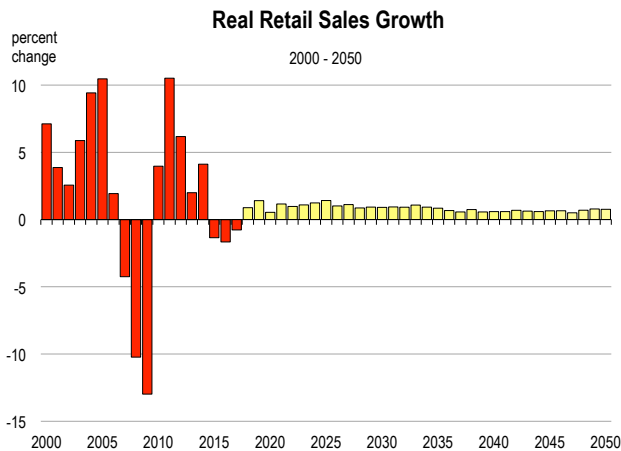


# Kern County Employment Forecast

## 2010-2017 History, 2018-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	-----employment (thousands of jobs)-----											
2010	274.8	44.58	12.7	13.0	8.7	33.6	8.2	24.4	2.7	29.6	20.5	60.6
2011	285.7	48.80	13.9	13.1	9.0	34.8	8.3	25.9	2.6	30.1	20.7	60.2
2012	300.4	54.38	16.7	13.5	9.5	36.0	8.7	27.2	2.7	31.5	21.6	58.8
2013	310.0	59.58	17.2	14.0	9.9	37.6	8.8	26.9	2.5	32.3	22.8	58.4
2014	316.4	60.08	18.2	14.6	10.2	39.3	8.7	26.6	2.4	32.6	23.7	59.7
2015	317.0	59.30	16.5	14.1	10.5	40.3	8.5	26.3	2.7	33.4	25.0	61.5
2016	317.3	61.98	14.5	13.5	10.0	41.1	8.4	25.9	2.2	34.8	25.4	63.2
2017	319.4	61.65	14.9	13.5	10.3	41.4	8.2	25.8	2.0	36.4	25.7	63.3
2018	323.7	61.64	15.0	13.5	10.6	41.6	8.1	26.2	2.0	37.5	26.5	64.5
2019	328.9	62.19	15.1	13.7	10.8	41.9	8.0	27.0	2.0	38.4	27.0	65.7
2020	331.8	62.63	15.4	13.9	10.9	42.1	8.0	27.3	2.0	39.2	27.1	66.3
2021	335.0	63.07	15.5	14.0	10.9	42.3	8.0	27.8	2.0	39.9	27.6	66.7
2022	337.9	63.54	15.4	14.1	11.0	42.6	7.9	28.2	2.0	40.6	28.1	67.0
2023	341.0	64.00	15.6	14.2	11.0	42.8	7.9	28.6	2.0	41.4	28.6	67.4
2024	344.2	64.50	15.9	14.2	11.1	43.1	7.9	28.9	2.0	42.1	28.9	67.9
2025	347.3	64.99	16.1	14.3	11.1	43.4	7.9	29.3	2.0	42.8	29.1	68.5
2026	350.0	65.37	16.1	14.4	11.1	43.7	7.9	29.7	2.0	43.5	29.3	69.0
2027	353.0	65.73	16.3	14.6	11.2	43.9	7.9	30.1	2.0	44.3	29.5	69.6
2028	355.9	66.01	16.4	14.6	11.2	44.2	7.9	30.6	2.0	45.1	29.7	69.9
2029	358.7	66.28	16.4	14.7	11.3	44.4	7.9	31.1	2.0	45.9	30.0	70.3
2030	361.3	66.53	16.3	14.7	11.3	44.7	7.9	31.6	2.1	46.8	30.2	70.7
2031	363.9	66.78	16.2	14.7	11.4	44.9	8.0	32.1	2.1	47.6	30.5	71.1
2032	366.5	67.00	16.1	14.7	11.4	45.2	8.0	32.5	2.1	48.5	30.8	71.5
2033	369.2	67.27	15.9	14.8	11.5	45.5	8.0	32.9	2.1	49.4	31.1	71.9
2034	371.9	67.54	15.8	14.8	11.5	45.7	8.0	33.3	2.1	50.3	31.4	72.3
2035	374.7	67.82	15.9	14.9	11.5	46.0	8.0	33.7	2.1	51.1	31.7	72.7
2036	377.3	68.05	15.8	14.9	11.6	46.2	8.0	34.0	2.1	52.0	32.0	73.0
2037	379.8	68.26	15.8	15.0	11.6	46.4	8.0	34.4	2.1	52.9	32.2	73.4
2038	382.5	68.49	15.9	15.0	11.7	46.6	8.0	34.8	2.1	53.7	32.5	73.8
2039	385.0	68.70	15.8	15.1	11.7	46.8	8.0	35.2	2.1	54.6	32.8	74.2
2040	387.6	68.91	15.8	15.1	11.8	47.0	8.0	35.5	2.1	55.4	33.1	74.5
2041	390.2	69.14	15.8	15.2	11.8	47.2	8.0	35.9	2.1	56.2	33.4	74.9
2042	392.7	69.38	15.7	15.2	11.9	47.4	8.0	36.3	2.1	57.0	33.7	75.3
2043	395.3	69.64	15.7	15.3	11.9	47.6	8.0	36.7	2.1	57.8	34.0	75.7
2044	398.0	69.92	15.7	15.4	12.0	47.8	8.0	37.1	2.1	58.6	34.3	76.2
2045	400.6	70.18	15.6	15.4	12.0	48.0	8.1	37.5	2.1	59.4	34.6	76.6
2046	403.2	70.44	15.6	15.5	12.1	48.2	8.1	37.9	2.1	60.1	34.9	77.0
2047	405.8	70.70	15.5	15.5	12.1	48.4	8.1	38.3	2.1	60.9	35.2	77.4
2048	408.4	70.96	15.5	15.6	12.2	48.7	8.1	38.7	2.1	61.7	35.5	77.8
2049	411.2	71.24	15.6	15.6	12.2	48.9	8.1	39.1	2.1	62.4	35.8	78.3
2050	413.9	71.51	15.5	15.7	12.3	49.1	8.1	39.6	2.1	63.2	36.1	78.7





## County Economic and Demographic Indicators

### Projected Economic Growth (2018-2023)

Expected retail sales growth:	5.3%
Expected job growth:	5.4%
Fastest growing jobs sector:	Health and Education
Expected personal income growth:	10.5%

Expected population growth:	4.9%
Net migration to account for:	2.4%
Expected growth in number of vehicles:	4.9%

### Demographics (2018)

Unemployment rate (April 2018):	8.3%
County rank* in California (58 counties):	53rd
Working age (16-64) population:	63.4%

Population with B.A. or higher:	15.8%
Median home selling price (2017):	\$215,000
Median household income:	\$55,228

### Quality of Life

Violent crime rate (2016):	557 per 100,000 persons
County rank* in California (58 counties):	47th
Average commute time to work (2018):	25 minutes

High school drop out rate (2017):	8.0%
Households at/below poverty line (2018):	18.6%

\* The county ranked 1st corresponds to the lowest rate in California